

**GOLDEN TOWN RESIDENTIAL  
COMMUNITY INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**



**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
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**DECEMBER 31, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of **Golden Town Residential Community Inc.**:

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Golden Town Residential Community Inc.**, which comprise the statement of financial position as at December 31, 2017, and the statements of restricted net assets, operations and unrestricted net assets, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The statements have been prepared by management based on the financial reporting provisions of the Ministry of Municipal Affairs and Housing's non-profit housing legislation.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing's non-profit housing legislation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Golden Town Residential Community Inc.** as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing's non-profit housing legislation.

**Basis of Accounting and Restriction on Use**

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist **Golden Town Residential Community Inc.** to comply with the reporting provisions of the Ministry of Municipal Affairs and Housing referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of **Golden Town Residential Community Inc.**, their Service Manager, and the Ministry of Municipal Affairs and Housing and should not be used by parties other than the Directors of **Golden Town Residential Community Inc.**, their Service Manager, or the Ministry of Municipal Affairs and Housing.

*Collins Barrow SGB LLP*

**COLLINS BARROW SGB LLP**  
**LICENSED PUBLIC ACCOUNTANTS**

Owen Sound, Ontario

April 10, 2018

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31**

	2017	2016
	\$	\$
<b>ASSETS</b>		
<b>CURRENT:</b>		
Cash	587,068	657,454
Accounts receivable	22,345	5,151
HST receivable	17,013	16,286
Subsidy receivable	49,366	43,399
SHEEP receivable	-	47,173
Due from reserve funds	20,391	2,607
Prepaid expenses	25,877	24,768
	<b>722,060</b>	<b>796,838</b>
<b>RESTRICTED CASH AND INVESTMENTS:</b>		
Replacement reserve fund - Golden Town Manor (Note 3)	134,733	129,243
Replacement reserve fund - Albert Place and Victoria Village (Note 4)	<b>1,309,911</b>	1,223,374
	<b>1,444,644</b>	1,352,617
Subsidy surplus reserve fund - Golden Town Manor (Note 5)	<b>37,588</b>	36,551
	<b>1,482,232</b>	1,389,168
<b>PROPERTY AND EQUIPMENT (Note 6)</b>	<b>3,724,172</b>	4,141,514
<b>ON BEHALF OF THE BOARD</b>		
_____	Director	
_____	Director	
<b>TOTAL ASSETS</b>	<b>5,928,464</b>	6,327,520

(See Accompanying Notes to the Financial Statements)

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31**

	2017	2016
	\$	\$
<b>LIABILITIES</b>		
<b>CURRENT:</b>		
Accounts payable and accrued liabilities	45,917	56,646
Lessees' deposits	37,472	34,617
Deferred SHIP Funding	3,024	88,000
Current portion of long term debt (Note 7)	425,143	417,341
	511,556	596,604
<b>LONG TERM DEBT (Note 7)</b>	3,293,973	3,719,117
	3,805,529	4,315,721
<b>NET ASSETS</b>		
<b>RESTRICTED NET ASSETS (Page 4)</b>		
Replacement reserve fund - Golden Town Manor	134,733	129,243
Replacement reserve fund - Albert Place and Victoria Village	1,309,911	1,223,374
Subsidy surplus reserve fund - Golden Town Manor	37,588	36,551
	1,482,232	1,389,168
<b>UNRESTRICTED NET ASSETS</b>		
Golden Town Manor (Page 5)	106,243	110,523
Albert Place and Victoria Village (Page 6)	534,460	512,108
	640,703	622,631
<b>TOTAL LIABILITIES AND NET ASSETS</b>	5,928,464	6,327,520

(See Accompanying Notes to the Financial Statements)

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**STATEMENT OF RESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>REPLACEMENT RESERVE FUND - GOLDEN TOWN MANOR (Note 3)</b>		
Balance at beginning of year	<b>129,243</b>	123,924
Investment income	<b>2,177</b>	2,139
Allocation for the year	<b>7,500</b>	7,500
Capital improvements	<b>(4,187)</b>	(4,320)
Balance at end of year	<b>134,733</b>	129,243

**REPLACEMENT RESERVE FUND - ALBERT PLACE AND VICTORIA VILLAGE (Note 4)**

Balance at beginning of year	<b>1,223,374</b>	1,137,325
Investment income	<b>28,393</b>	27,185
Unrealized investment gain	<b>75,928</b>	62,839
SHEEP funding	<b>68,283</b>	47,173
SHIP funding	<b>84,976</b>	-
Allocation for the year	<b>59,812</b>	58,697
Service manager contribution	-	512
Capital improvements	<b>(77,596)</b>	(63,184)
Capital improvements - SHEEP funded	<b>(68,283)</b>	(47,173)
Capital improvements - SHIP funded	<b>(84,976)</b>	-
Balance at end of year	<b>1,309,911</b>	1,223,374

**SUBSIDY SURPLUS RESERVE FUND - GOLDEN TOWN MANOR (Note 5)**

Balance at beginning of year	<b>36,551</b>	35,484
Interest income	<b>1,037</b>	1,067
Balance at end of year	<b>37,588</b>	36,551

(See Accompanying Notes to the Financial Statements)



**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.  
STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31**

**GOLDEN TOWN MANOR**

	<b>BUDGET</b> (Unaudited) \$	<b>2017</b> \$	<b>2016</b> \$
<b>REVENUE:</b>			
Rental	159,624	<b>160,749</b>	158,619
Subsidy assistance (Note 8)	20,021	<b>20,021</b>	20,021
Non-rental income	770	<b>1,265</b>	991
Interest	850	<b>536</b>	582
	181,265	<b>182,571</b>	180,213
<b>EXPENSES:</b>			
Administration (Schedule 1)	15,686	<b>15,658</b>	15,527
Allocation to replacement reserve (Note 3)	7,500	<b>7,500</b>	7,500
Amortization	57,059	<b>57,059</b>	55,729
Insurance	2,879	<b>2,874</b>	2,693
Interest on long term debt	2,017	<b>1,971</b>	3,314
Maintenance material and services (Schedule 1)	33,488	<b>33,100</b>	31,681
Municipal taxes	22,100	<b>22,451</b>	21,262
Utilities (Schedule 1)	42,000	<b>46,238</b>	45,138
	182,729	<b>186,851</b>	182,844
<b>DEFICIENCY OF EXPENSES OVER REVENUE FOR THE YEAR</b>	<b>(1,464)</b>	<b>(4,280)</b>	(2,631)
<b>UNRESTRICTED NET ASSETS AT BEGINNING OF THE YEAR</b>		<b>110,523</b>	113,154
<b>UNRESTRICTED NET ASSETS AT END OF THE YEAR</b>		<b>106,243</b>	110,523

(See Accompanying Notes to the Financial Statements)

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31**

**ALBERT PLACE AND VICTORIA VILLAGE**

	<b>BUDGET</b>	<b>2017</b>	<b>2016</b>
	(Unaudited)		
	\$	\$	\$
<b>REVENUE:</b>			
Subsidy assistance (Note 8)	572,377	<b>572,377</b>	624,257
Rental - RGI tenants	171,216	<b>196,187</b>	177,503
- Market tenants	183,108	<b>176,090</b>	170,456
- Vacancy loss	(5,768)	-	-
Non-rental income	4,450	<b>5,168</b>	4,479
Interest	2,500	<b>1,879</b>	2,214
	927,883	<b>951,701</b>	978,909
<b>EXPENSES:</b>			
Administration (Schedule 2)	60,862	<b>62,991</b>	63,422
Allocation to replacement reserve (Note 4)	59,812	<b>59,812</b>	58,697
Bad debts	-	<b>4,006</b>	15,519
Amortization	360,283	<b>360,283</b>	307,415
Insurance	25,910	<b>26,445</b>	24,240
Interest on long term debt	74,407	<b>73,810</b>	171,234
Maintenance material and services (Schedule 2)	139,918	<b>135,461</b>	143,817
Municipal taxes	114,000	<b>119,280</b>	113,176
Utilities (Schedule 2)	72,329	<b>75,406</b>	87,720
	907,521	<b>917,494</b>	985,240
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE) FOR THE YEAR</b>	20,362	<b>34,207</b>	(6,331)
<b>REPAYMENT OF SUBSIDY EXCESS FROM PRIOR YEARS</b>		<b>(11,855)</b>	(14,449)
<b>SERVICE MANAGER CONTRIBUTION TO THE CAPITAL RESERVE FUND (Note 4)</b>		-	(512)
<b>UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR</b>		<b>512,108</b>	533,400
<b>UNRESTRICTED NET ASSETS AT END OF THE YEAR</b>		<b>534,460</b>	512,108

(See Accompanying Notes to the Financial Statements)

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31**

	2017	2016
	\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES:</b>		
Deficiency of expenses over revenue - GTM	(4,280)	(2,631)
Excess (Deficiency) of expenses over revenue - AP/VV	34,207	(6,331)
Repayment of subsidy excess - AP/VV	(11,855)	(14,449)
Service manager contribution to the capital reserve	-	(512)
Charges not involving cash		
Amortization	417,342	363,144
	435,414	339,221
Change In:		
Accounts receivable	(17,194)	635
HST receivable	(727)	(5,328)
Subsidy receivable	(5,968)	8,517
SHEEP receivable	47,173	(47,173)
Prepaid expenses	(1,109)	(2,788)
Accounts payable and accrued liabilities	(10,728)	(6,905)
Lessee's deposit	2,855	3,377
Deferred SHIP funding	(84,976)	88,000
Due from reserve funds	(17,784)	(3,975)
	346,956	373,581
<b>FINANCING AND INVESTING ACTIVITIES:</b>		
Repayment of long term debt	(417,342)	(363,145)
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	(70,386)	10,436
<b>CASH AT BEGINNING OF YEAR</b>	657,454	647,018
<b>CASH AT END OF YEAR</b>	587,068	657,454

(See Accompanying Notes to the Financial Statements)

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2017**

**PURPOSE OF THE ORGANIZATION**

Golden Town Residential Community Inc. was incorporated on March 2, 1984 as a not-for-profit organization without share capital. The purpose of the Organization is to provide and operate non-profit residential accommodation and incidental facilities thereto primarily for persons of low income, senior citizens and disabled persons primarily of low or modest income in Meaford Ontario.

The Organization is a registered charity and exempt from income taxes.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Organization have been prepared in accordance with accounting principles prescribed by the Ministry of Municipal Affairs and Housing and adopted by the service manager, the Corporation of the County of Grey. The significant accounting policies followed in preparation of the financial statements are summarized below.

**(A) Financial Instruments**

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently measures its financial assets at amortized cost or fair value and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable, subsidy receivable and SHEEP receivable. Short term deposits and restricted investments are measured at fair value based on the quoted market price as at December 31, 2017.

Financial liabilities measured at amortized cost include the accounts payable and long-term debt.

**(B) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and cash deposited in Canadian banks.

**(C) Property and Equipment**

- (i) Purchased from general operations are charged to operations in the year the expenses are incurred.
- (ii) Purchased from the replacement reserve are charged to the replacement reserve account in the year the expenses are incurred.
- (iii) The initial land, buildings, furniture and fixtures are recorded at cost. Provision for amortization on these is recorded at an amount equal to the principal portion of related debt repaid.

**(D) Fund Accounting**

The replacement reserve accounts are externally restricted funds to be used for capital and capital replacements. The annual allocation from the operating fund to the replacement reserves, as determined by the service manager, is reported as an expense in the operating fund. Investment income is restricted for use towards eligible capital improvements.

The subsidy surplus reserve fund is an externally restricted fund to provide future subsidy requirements of income-tested occupants over and above the maximum County assistance.

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2017**

(E) Revenue Recognition

Rent is charged monthly at the beginning of the month and recognized as revenue of the project in the period accrued when collection is reasonably assured.

Subsidy assistance is recognized as revenue of the project in the year coinciding with the funding agreement. Any subsidy assistance recoverable or repayable as a result of the Service Manager's annual review is recognized in the year of settlement.

Interest earned on unrestricted investments is reported in the applicable project as interest income in the year it is earned.

Interest earned, realized gains and losses, and unrealized gains and losses on restricted investments are reported as investment income in the related replacement reserve fund as earned.

(F) Use of Estimates

The preparation of financial statements required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the report period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

(G) Allocated Expenses

The Organization reports costs for its three residential housing complexes in two operations, Golden Town Manor (page 5) and Albert Place and Victoria Village (page 6). Costs that can be identified to a specific unit or operation are allocated directly to that operation. Administration wages are allocated based on the number of residential units in each operation. Other administration and shared costs are allocated to operations based on management's estimate of the time, usage, or space that best reflects actual utilization of the cost.

**2. HOUSING SERVICES ACT**

As a result of the previous Social Reform Act 2000, the Organization entered into an agreement with the Corporation of the County of Grey as of December 1, 2001. The Social Reform Act was replaced by the Housing Services Act 2011. The Corporation of the County of Grey performs the duties and exercise the powers of a service manager under the Act. In this respect the Corporation of the County of Grey replaces the duties of the Minister of Municipal Affairs and Housing and the Canada Mortgage and Housing Corporation.

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2017**

**3. REPLACEMENT RESERVE FUND - GOLDEN TOWN MANOR**

Under the terms of the agreement with the Corporation of the County of Grey, the replacement reserve account is to be credited in the amount of \$7,500 per year until it accumulates to \$171,000 plus interest. These funds along with accumulated interest must be held in a separate bank account or invested only in accounts insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the Corporation of the County of Grey from time to time. The funds in the account may only be used as approved by the Corporation of the County of Grey. Withdrawals are credited to interest first and then principal.

At year end, the funds in the reserve consisted of the following:

	<b>2017</b>	<b>2016</b>
	\$	\$
Scotiabank - guaranteed investment certificates, at market value	<b>135,627</b>	130,137
Due from general bank account	<b>(894)</b>	(894)
	<b>134,733</b>	129,243
	<b>134,733</b>	129,243

Funds invested at Scotiabank include five guaranteed investment certificates with stated interest rates ranging from .67% to 3.01%, either cashable or non-redeemable with maturity dates from January 2018 to September 2020.

	<b>Principal</b>	<b>Interest</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
<b>GOLDEN TOWN MANOR</b>				
Balance at beginning of year	129,243	-	<b>129,243</b>	123,924
Investment income	-	2,177	<b>2,177</b>	2,139
Allocation for the year	7,500	-	<b>7,500</b>	7,500
Capital improvements	(2,010)	(2,177)	<b>(4,187)</b>	(4,320)
	134,733	-	<b>134,733</b>	129,243
	134,733	-	<b>134,733</b>	129,243

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2017**

**4. REPLACEMENT RESERVE FUND - ALBERT PLACE AND VICTORIA VILLAGE**

Under the terms of the agreement with the Corporation of the County of Grey, the replacement reserve account is to be credited annually with an amount approved in the budget. These funds along with accumulated interest, must be held, as restricted by legislation, with Phillips, Hager & North, in the Social Housing Investment Program. The funds may only be used as approved by the Corporation of the County of Grey. Withdrawals are credited to interest first and then principal.

At year end, the funds in the reserve consisted of the following:

	<b>2017</b>	<b>2016</b>
	\$	\$
Social Housing Investment Funds, at market value	<b>1,329,408</b>	1,225,087
Due (to) from general bank account	<b>(19,497)</b>	(1,713)
	<b><u>1,309,911</u></b>	<b><u>1,223,374</u></b>

	<b>Principal</b>	<b>Interest</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
<b>ALBERT PLACE AND VICTORIA VILLAGE</b>				
Balance at beginning of year	1,223,374	-	<b>1,223,374</b>	1,137,325
Investment income	-	28,393	<b>28,393</b>	27,185
Unrealized investment gain	75,928	-	<b>75,928</b>	62,839
Allocation for the year	59,812	-	<b>59,812</b>	58,697
Service manager contribution	-	-	-	512
Capital improvements	(49,203)	(28,393)	<b>(77,596)</b>	(63,184)
Balance at end of year	<b><u>1,309,911</u></b>	<b><u>-</u></b>	<b><u>1,309,911</u></b>	<b><u>1,223,374</u></b>

Capital improvements funded by SHEEP and SHIP flowed through the general bank account.

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2017**

**5. SUBSIDY SURPLUS RESERVE FUND - GOLDEN TOWN MANOR**

Under the terms of the agreement with the Corporation of the County of Grey, excess federal assistance payments may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited in a separate bank account or invested only in accounts insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the Corporation of the County of Grey from time to time. The funds in the account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interest first and then principal. When the fund has attained the maximum of \$500 per unit, up to 10% of the excess assistance during a year may be transferred to other projects owned by the borrower requiring additional assistance if they are within the same municipality or area and are assisted under the same program.

At year end, the funds in the subsidy surplus reserve fund consisted of the following:

	<b>2017</b>	<b>2016</b>
	\$	\$
Scotiabank - guaranteed investment certificate, at market value	<u><b>37,588</b></u>	<u><b>36,551</b></u>

Funds invested at Scotiabank include two guaranteed investment certificates with stated interest rates of 3% maturing September 2018.

**6. PROPERTY AND EQUIPMENT (Note 1 (C))**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>GOLDEN TOWN MANOR-</b>		
Land	<b>73,805</b>	73,805
Buildings	<b>842,170</b>	842,170
Furniture and fixtures	<b>31,260</b>	31,260
	<u><b>947,235</b></u>	<u>947,235</u>
Less - accumulated amortization	<u><b>772,447</b></u>	<u>715,388</u>
	<u><b>174,788</b></u>	<u>231,847</u>
 <b>ALBERT PLACE AND VICTORIA VILLAGE-</b>		
Land	<b>505,701</b>	505,701
Buildings	<b>7,502,419</b>	7,502,419
Furniture and fixtures	<b>162,531</b>	162,531
	<u><b>8,170,651</b></u>	<u>8,170,651</u>
Less - accumulated amortization	<u><b>4,621,267</b></u>	<u>4,260,984</u>
	<u><b>3,549,384</b></u>	<u>3,909,667</u>
	<u><b>3,724,172</b></u>	<u>4,141,514</u>



**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2017**

**7. LONG TERM DEBT**

	2017	2016
	\$	\$
1.01% first mortgage payable on Golden Town Manor, repayable in blended monthly installments of \$4,923 principal and interest, due November 1, 2020	169,733	226,792
1.995% first mortgage payable on Albert Place and Victoria Village, repayable in blended monthly installments of \$36,224 principal and interest, due December 1, 2021	<u>3,549,383</u>	<u>3,909,666</u>
	<u>3,719,116</u>	<u>4,136,458</u>
Less - current portion	<u>425,143</u>	<u>417,341</u>
	<u><u>3,293,973</u></u>	<u><u>3,719,117</u></u>

Principal amounts due over the next five years under anticipated repayment terms are as follows:

	\$
2018	425,143
2019	433,095
2020	436,268
2021	390,058
2022	397,877

**8. SUBSIDY ASSISTANCE PAYMENTS**

(A) Golden Town Manor

The project has received subsidy assistance in the amount of \$20,021 (2016 - \$20,021) from the Corporation of the County of Grey to enable the project to provide housing to low-income senior citizens.

(B) Albert Place and Victoria Village

During the year, the project received subsidy assistance in the amount of \$572,377 (2016 - \$624,257) from the Corporation of the County of Grey to enable the project to provide housing to low-income citizens and senior citizens.

**9. RELATED PARTY TRANSACTIONS**

A member of the Board rents a unit from the Organization under the same terms and conditions as a tenant that is at arms-length. This rent is recognized at the exchange amount on the statement of operations for Albert Place and Victoria Village.

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2017**

**10. INSURANCE**

		<u>AMOUNT</u>
		\$
Property: All risks of direct physical loss or damage, including earthquake and flood, except as excluded.	- Limit	25,000,000
Boiler and machinery: A policy that covers sudden and accidental breakdown of pressure objects and mechanical machinery	- Limit	50,000,000
Commercial general liability	- Limit	2,000,000
Comprehensive crime	- Limit	250,000
Umbrella liability	- Limit	3,000,000
Directors' and officers' liability	- Limit	2,000,000

**11. FINANCIAL INSTRUMENTS**

The Organization's exposure to risks from financial instruments is described as follows:

Credit Risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. A significant portion of the Organization's receivables are due from governments which are believed to be at low risk of default. The Organization's reduces the risk relating to other receivables by carrying out standard collection procedures.

Interest Rate Risk is the risk that interest rates will cause fluctuations in cash flows, interest earned and interest expense. The Organization is exposed to interest rate risk on savings accounts, investments, and long term debt. Risk is minimized by prudent investment policies and securing five year fixed interest rates on long term debts.

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its long-term debt and accounts payable. The Organization expects to meet these obligations as they come due by cash flow from government subsidies and rental income.

Market Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Organization's investments are subject to market and price fluctuations. The Organization invests funds regulated by the Ontario government in accordance with requirements of the Social Housing Investment Program. Risk is minimized by diversifying investments in guaranteed and fixed income investments and equities.

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**SCHEDULE TO STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31**

**GOLDEN TOWN MANOR**

**SCHEDULE 1**

	<b>BUDGET</b> (Unaudited) \$	<b>2017</b> \$	<b>2016</b> \$
<b>ADMINISTRATION:</b>			
Salaries, wages and benefits	11,211	<b>11,166</b>	11,026
Materials and services	4,475	<b>4,492</b>	4,501
	15,686	<b>15,658</b>	15,527
<b>MAINTENANCE MATERIAL AND SERVICES:</b>			
Salaries, wages and benefits	10,563	<b>10,518</b>	10,301
Building and equipment	8,725	<b>5,838</b>	7,323
Electrical systems	1,000	<b>843</b>	1,501
Heating, air and plumbing	1,000	<b>2,041</b>	601
Grounds	7,700	<b>9,289</b>	8,216
Painting	1,500	<b>1,646</b>	39
Waste removal	1,100	<b>1,202</b>	1,158
Security	1,800	<b>1,531</b>	2,386
Other	100	<b>192</b>	156
	33,488	<b>33,100</b>	31,681
<b>UTILITIES:</b>			
Electricity	25,000	<b>26,832</b>	27,030
Fuel	4,000	<b>3,941</b>	3,437
Water & sewage	13,000	<b>15,465</b>	14,671
	42,000	<b>46,238</b>	45,138

(See Accompanying Notes to the Financial Statements)

**GOLDEN TOWN RESIDENTIAL COMMUNITY INC.**  
**SCHEDULE TO STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31**

**ALBERT PLACE AND VICTORIA VILLAGE**

**SCHEDULE 2**

	<b>BUDGET</b> (Unaudited) \$	<b>2017</b> \$	<b>2016</b> \$
<b>ADMINISTRATION:</b>			
Salaries, wages and benefits	45,992	<b>47,292</b>	46,203
Materials and services	14,870	<b>15,699</b>	17,219
	<u>60,862</u>	<u><b>62,991</b></u>	<u>63,422</u>
<b>MAINTENANCE MATERIAL AND SERVICES:</b>			
Salaries, wages and benefits	45,248	<b>43,577</b>	43,168
Building and equipment	22,038	<b>19,948</b>	22,037
Elevators	7,800	<b>7,271</b>	7,049
Electrical systems	8,000	<b>7,402</b>	10,052
Heating, air and plumbing	3,000	<b>4,882</b>	5,717
Grounds	24,750	<b>26,450</b>	25,509
Painting	18,000	<b>12,510</b>	19,057
Waste removal	5,900	<b>6,830</b>	6,082
Security	4,000	<b>5,416</b>	4,038
Other	1,182	<b>1,175</b>	1,108
	<u>139,918</u>	<u><b>135,461</b></u>	<u>143,817</u>
<b>UTILITIES:</b>			
Electricity	41,388	<b>41,686</b>	54,207
Fuel	6,380	<b>6,079</b>	4,524
Water and sewage	24,561	<b>27,641</b>	28,989
	<u>72,329</u>	<u><b>75,406</b></u>	<u>87,720</u>

(See Accompanying Notes to the Financial Statements)